

# DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

## SUMMARY

The Department of Housing and Community Development has two programmatic units: Division of Neighborhood Revitalization, and Division of Development Finance. The Department's FY 2007 - FY 2011 Capital Improvement Program provides financial assistance to local governments and private organizations to support these objectives. The Department's programs can be grouped into two general categories:

The Division of Neighborhood Revitalization provides technical and financial assistance to stabilize and revitalize existing neighborhoods. These programs include:

**The Neighborhood Business Development Program**, which funds community-based economic development activities in revitalization areas designated by local governments.

**The Community Legacy Program**, which provides financing to assist with the revitalization of neighborhoods that are at risk of physical, economic, or social deterioration.

**The Community Development Block Grant Program**, which provides grants to local governments in non-entitlement areas of the State for use in revitalizing neighborhoods, expanding affordable housing and economic opportunities, and/or improving community facilities and services.

The Division of Development Finance programs provide rental housing or homeownership opportunities for the elderly, the disabled, or people with limited income. These programs include:

**The Rental Housing Programs**, which rehabilitate and create new affordable housing for low income individuals and families, moderate income elderly residents, or special needs populations.

**The Homeownership Programs**, which provide below market interest rate mortgage loans with minimum down payments to low and moderate income families.

**The Partnership Rental Housing Program**, which provides loans or grants to local governments or housing authorities to construct or rehabilitate rental housing for low income families.

**The Shelter and Transitional Housing Facilities Grant Program**, which provides grants to local governments and not-for-profit organizations to develop emergency shelters and transitional housing for homeless individuals and families.

**The Special Loan Programs** provide loans or grants for abatement of lead hazards; rehabilitation or installation of indoor plumbing; rehabilitation to create accessory, shared and sheltered housing facilities; rehabilitation to eliminate health, safety, and maintenance deficiencies in residential properties; and acquisition, construction, and modifications of group homes for low income, elderly, handicapped, disabled, or other citizens of Maryland with special housing needs.

## CHANGES TO FY 2006 - FY 2010 CAPITAL IMPROVEMENT PROGRAM

### Changes to FY 2007

#### Additions:

None

#### Deletions:

None

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### Major Changes:

**Division of Historical and Cultural Programs:** During the 2005 legislative session, the General Assembly transferred this Division to the Maryland Department of Planning. Consequently, projects for Jefferson Patterson Park and Museum, and programs of the Maryland Historical Trust, which formerly appeared under the Department of Housing and Community Development, will now be shown under the Maryland Department of Planning.

**Maryland Housing Fund:** Funds for the Insurance Reserve Fund have been eliminated from the Capital Improvement Program because the Fund does not provide direct funding for capital improvements. Future appropriations for this program may be provided in the State's Operating Budget.

### **Changes to FY 2008 - FY 2010**

None

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## FY 2007 - FY 2011 Capital Improvement Program

### Grants and Loans

#### DIVISION OF NEIGHBORHOOD REVITALIZATION

Budget Code: SA24

#### Community Development Block Grant Program (Statewide) FY 2007 Total **\$10,000**

The Community Development Block Grant Program provides competitive grants to local governments in non-entitlement areas of the State for use in revitalizing neighborhoods, expanding affordable housing and economic opportunities, and/or improving community facilities and services. Non-entitlement areas are mainly rural areas of the State. Entitlement areas include Anne Arundel, Baltimore, Harford, Howard, Montgomery and Prince George's Counties and the cities of Annapolis, Baltimore, Bowie, Cumberland, Frederick, Gaithersburg, Hagerstown, and Salisbury. Entitlement areas receive a direct allocation from the U.S. Department of Housing and Urban Development (HUD) and are not eligible for the State program. Activities primarily benefit low and moderate-income persons.

<u>Source</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>TOTAL</u>
Federal Funds	10,000	9,000	9,000	9,000	9,000	46,000
<b>TOTAL</b>	<b>10,000</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>	<b>46,000</b>

#### Community Legacy Program (Statewide) FY 2007 Total **\$8,000**

The Community Legacy Program provides grants and loans to assist in the revitalization of neighborhoods that are at risk of physical, economic, or social deterioration. Priority is given to communities whose residents, businesses, and institutions are committed to revitalization and have demonstrated leadership ability. Funds may be used for capital improvements such as streetscape and facade improvements, recreational amenities, improvement of community gathering places, and other improvements to improve the desirability of the community. Fund recipients may be individuals and business owner-occupants, community development organizations, and local governments.

<u>Source</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>TOTAL</u>
General Funds	8,000	8,000	8,000	8,000	8,000	40,000
<b>TOTAL</b>	<b>8,000</b>	<b>8,000</b>	<b>8,000</b>	<b>8,000</b>	<b>8,000</b>	<b>40,000</b>

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### Neighborhood Business Development Program (Statewide) FY 2007 Total **\$6,000**

The Neighborhood Business Development Program (NBDP) provides grants and loans to fund community-based economic development activities in revitalization areas designated by local governments. Potential small business owners, who do not qualify for private financing alone, compete for NBDP gap financing. The program leverages private and public capital by requiring a minimum 50% match from each grant or loan applicant. Borrowers must provide a 5% equity investment to receive a 15- to 30-year, low-interest or deferred payment loan to pay for physical development costs or to pay for direct business functions such as working capital or capital equipment. Approximately 70% of the program's funds are used for loans to private firms and nonprofits, and 30% for grants to nonprofits.

<u>Source</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>TOTAL</u>
Special Funds	6,000	6,000	6,000	6,000	7,000	31,000
<b>TOTAL</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>7,000</b>	<b>31,000</b>

### Subtotals for Division of Neighborhood Revitalization

<u>Source</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>TOTAL</u>
General Funds	8,000	8,000	8,000	8,000	8,000	40,000
Special Funds	6,000	6,000	6,000	6,000	7,000	31,000
Federal Funds	10,000	9,000	9,000	9,000	9,000	46,000
<b>TOTAL</b>	<b>24,000</b>	<b>23,000</b>	<b>23,000</b>	<b>23,000</b>	<b>24,000</b>	<b>117,000</b>

### DIVISION OF DEVELOPMENT FINANCE

Budget Code: SA25

### Rental Housing Programs (Statewide) FY 2007 Total **\$20,842**

The Rental Housing Programs provide low interest loans or deferred payment loans to housing developers for the financing of affordable rental housing developments. The programs include the Rental Housing Production Program, the Elderly Rental Housing Program, the Maryland Housing Rehabilitation Program, which is housing of 5 or more units, the Non-Profit Rehabilitation Program, and the Office Space Conversion Program. The maximum loan amount is generally \$1,500,000, offered as low as 4% interest for as many as 40 years. The goal of the program is to rehabilitate and create new affordable rental housing for low and moderate-income families. FY 2007 projects will be determined based on future applications received by DHCD.

<u>Source</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>TOTAL</u>
General Funds	10,000	6,150	6,050	5,900	7,000	35,100
Special Funds	5,542	5,850	5,950	6,100	6,000	29,442
Federal Funds	5,300	5,300	5,300	5,300	5,300	26,500
<b>TOTAL</b>	<b>20,842</b>	<b>17,300</b>	<b>17,300</b>	<b>17,300</b>	<b>18,300</b>	<b>91,042</b>

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### Special Loan Programs (Statewide)

**FY 2007 Total \$10,034**

The Special Loan Programs include: the Maryland Housing Rehabilitation Program (1-4 units); Indoor Plumbing Program; Accessory, Shared and Sheltered Housing Program; Lead Hazard Reduction Grant and Loan Program; and the Group Home Financing Program. These programs provide preferred interest rate loans to low- and moderate-income families, sponsors of rental properties occupied primarily by limited income families, and non-profit sponsors of housing facilities, including group homes and shelters. Funds may be used to provide loans to acquire and rehabilitate existing residential properties for group homes or shelters, to eliminate residential properties' health, safety and maintenance deficiencies, and to ensure compliance with applicable housing codes and standards. The programs are designed to bring housing up to code and to remediate lead paint and asbestos that is present in the housing stock. Applicants are required to match up to 20% of the Lead Hazard Reduction Grants.

<u>Source</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>TOTAL</u>
General Funds	2,187	1,150	900	700	1,700	6,637
Special Funds	5,813	5,850	6,100	6,300	6,300	30,363
Federal Funds	2,034	1,450	1,450	1,450	1,450	7,834
<b>TOTAL</b>	<b>10,034</b>	<b>8,450</b>	<b>8,450</b>	<b>8,450</b>	<b>9,450</b>	<b>44,834</b>

### Homeownership Programs (Statewide)

**FY 2007 Total \$7,600**

The Homeownership Programs provide below market interest rate mortgage loans to first time homebuyers who lack the resources to purchase a home. The programs include the Down Payment and Settlement Expense Loan Program (DSELP), which provides down payment and settlement expenses, and the Maryland Home Financing Program (MHFP), which makes direct loans to households to purchase homes. The maximum loan amounts are \$3,000 for DSELP which is offered as a zero percent deferred loan due at the earlier of maturity or prepayment of the first mortgage, sale or transfer of the property or default and up to 100% of the lesser of the purchase price or appraised value plus closing costs in excess of the borrower's minimum cash contribution for MHFP, and may be offered at an interest rate as low as zero percent for a term not to exceed 40 years. The goal of the program is to encourage innovative development of affordable home ownership opportunities in Maryland. FY 2007 projects will be determined based on future applications received by DHCD.

<u>Source</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>TOTAL</u>
General Funds	1,555	1,500	900	700	650	5,305
Special Funds	5,945	6,000	6,600	6,800	6,850	32,195
Federal Funds	100	100	100	100	100	500
<b>TOTAL</b>	<b>7,600</b>	<b>7,600</b>	<b>7,600</b>	<b>7,600</b>	<b>7,600</b>	<b>38,000</b>

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**Partnership Rental Housing Program (Statewide) FY 2007 Total **\$6,000****

The Partnership Rental Housing Program provides deferred payment loans to local governments to construct or rehabilitate rental housing to be occupied by households with incomes of 50% of the State's median income or less. Repayment is not required as long as the local government continues to own and lease the housing to income eligible families. The loan amount is generally limited to \$75,000 per housing unit. The goal of the program is to expand the supply of affordable housing for low-income families through a partnership between the State and local governments.

<u>Source</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>TOTAL</u>
GO Bonds	-	6,000	6,000	6,000	7,000	25,000
General Funds	<b>6,000</b>	-	-	-	-	6,000
<b>TOTAL</b>	<b>6,000</b>	6,000	6,000	6,000	7,000	31,000

**Shelter and Transitional Housing Facilities Grant Program FY 2007 Total **\$1,000**  
(Statewide)**

The Shelter and Transitional Housing Facilities Grant Program provides grants to local governments and nonprofit organizations in order to develop emergency shelters and transitional housing for homeless individuals and families. Grantees use the funds to plan, acquire, construct, renovate, and equip projects for which loan financing is not feasible. Funding is generally limited to 50% of a project's cost.

<u>Source</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>TOTAL</u>
GO Bonds	<b>1,000</b>	1,000	1,000	1,000	1,000	5,000
<b>TOTAL</b>	<b>1,000</b>	1,000	1,000	1,000	1,000	5,000

### Subtotals for Division of Development Finance

<u>Source</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>TOTAL</u>
GO Bonds	<b>1,000</b>	7,000	7,000	7,000	8,000	30,000
General Funds	<b>19,742</b>	8,800	7,850	7,300	9,350	53,042
Special Funds	<b>17,300</b>	17,700	18,650	19,200	19,150	92,000
Federal Funds	<b>7,434</b>	6,850	6,850	6,850	6,850	34,834
<b>TOTAL</b>	<b>45,476</b>	40,350	40,350	40,350	43,350	209,876

### Subtotals for Grants and Loans

<u>Source</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>TOTAL</u>
GO Bonds	<b>1,000</b>	7,000	7,000	7,000	8,000	30,000
General Funds	<b>27,742</b>	16,800	15,850	15,300	17,350	93,042
Special Funds	<b>23,300</b>	23,700	24,650	25,200	26,150	123,000
Federal Funds	<b>17,434</b>	15,850	15,850	15,850	15,850	80,834
<b>TOTAL</b>	<b>69,476</b>	63,350	63,350	63,350	67,350	326,876

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### Total Program - Department of Housing and Community Development

<u>Source</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>TOTAL</u>
GO Bonds	1,000	7,000	7,000	7,000	8,000	30,000
General Funds	27,742	16,800	15,850	15,300	17,350	93,042
Special Funds	23,300	23,700	24,650	25,200	26,150	123,000
Federal Funds	17,434	15,850	15,850	15,850	15,850	80,834
<b>TOTAL</b>	<b>69,476</b>	<b>63,350</b>	<b>63,350</b>	<b>63,350</b>	<b>67,350</b>	<b>326,876</b>